

**Diocesan Investment Trust  
of the Diocese of New York  
Diversified Equity Fund, Large Cap  
Equity Fund and Income Fund**

Financial Statements

December 31, 2008 and 2007



## Independent Auditors' Report

**Trustees of the Estate and Property  
of the Diocesan Convention of New York  
as Trustees for the Diocesan Investment Trust  
of the Diocese of New York Diversified  
Equity Fund, Large Cap Equity Fund and Income Fund**

We have audited the accompanying statement of assets and liabilities of the Diocesan Investment Trust of the Diocese of New York (the "Trust"), consisting of the Diversified Equity Fund, Large Cap Equity Fund and Income Fund, including the schedule of investments, as of December 31, 2008 and 2007, the related statements of operations, changes in net assets for the years then ended, and financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit of each of the three funds administered by the Trust. The financial highlights for the years ended December 31, 2006, 2005 and 2004 were audited by other auditors whose reports dated March 26, 2007, expressed an unqualified opinion upon those financial highlights.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of each individual Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights of the Trust referred to above present fairly, in all material respects, the financial position of the Diversified Equity Fund, Large Cap Equity Fund and Income Fund as of December 31, 2008 and 2007, the results of its operations, changes in its net assets, and its financial highlights for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*O'Connor Davies Munns & Dobbins, LLP*

New York, New York  
April 27, 2009

**Diocesan Investment Trust of the Diocese of New York**  
**Diversified Equity Fund, Large Cap Equity Fund and Income Fund**

Statements of Assets and Liabilities

December 31,

	2008				2007			
	Diversified Equity Fund	Large Cap Equity Fund	Income Fund	Memorandum Total	Diversified Equity Fund	Large Cap Equity Fund	Income Fund	Memorandum Total
<b>ASSETS</b>								
Investments, at fair value	\$ 24,632,782	\$ 8,510,594	\$ 21,509,736	\$ 54,653,112	\$ 36,995,764	\$ 12,959,369	\$ 21,670,924	\$ 71,626,057
Cash on deposit with custodian	784	271	230	1,285	684,104	231,552	93,946	1,009,602
Receivable for subscriptions	128,658	36,901	101,593	267,152	157,568	126,603	169,443	453,614
Dividends and accrued interest receivable	31,899	11,021	84,512	127,432	27,088	13,629	258,897	299,614
Receivable from brokers	<u>60,575</u>	<u>20,929</u>	<u>-</u>	<u>81,504</u>	<u>136,540</u>	<u>69,002</u>	<u>-</u>	<u>205,542</u>
 Total Assets	 <u>24,854,698</u>	 <u>8,579,716</u>	 <u>21,696,071</u>	 <u>55,130,485</u>	 <u>38,001,064</u>	 <u>13,400,155</u>	 <u>22,193,210</u>	 <u>73,594,429</u>
 <b>LIABILITIES</b>								
Accrued liabilities	61,388	21,218	8,890	91,496	59,801	28,396	24,360	112,557
Payable to brokers and custodian	201,974	69,782	-	271,756	144,981	120,242	-	265,223
Payable for redemptions	48,880	75,000	150,516	274,396	105,027	53,077	57,777	215,881
Dividend distributions payable to shareholders	<u>240,782</u>	<u>36,901</u>	<u>219,708</u>	<u>497,391</u>	<u>315,018</u>	<u>46,973</u>	<u>250,302</u>	<u>612,293</u>
 Total Liabilities	 <u>553,024</u>	 <u>202,901</u>	 <u>379,114</u>	 <u>1,135,039</u>	 <u>624,827</u>	 <u>248,688</u>	 <u>332,439</u>	 <u>1,205,954</u>
 <b>NET ASSETS</b>	 <u>\$ 24,301,674</u>	 <u>\$ 8,376,815</u>	 <u>\$ 21,316,957</u>	 <u>\$ 53,995,446</u>	 <u>\$ 37,376,237</u>	 <u>\$ 13,151,467</u>	 <u>\$ 21,860,771</u>	 <u>\$ 72,388,475</u>

See notes to financial statements

**Diocesan Investment Trust of the Diocese of New York**  
**Diversified Equity Fund, Large Cap Equity Fund and Income Fund**

Statements of Operations

December 31,

	2008				2007			
	Diversified Equity Fund	Large Cap Equity Fund	Income Fund	Memorandum Total	Diversified Equity Fund	Large Cap Equity Fund	Income Fund	Memorandum Total
<b>INVESTMENT INCOME</b>								
Interest and dividends	\$ 569,397	\$ 197,407	\$ 729,582	\$ 1,496,386	\$ 520,480	\$ 289,762	\$ 1,069,086	\$ 1,879,328
<b>EXPENSES</b>								
Investment advisory fees	134,082	65,901	53,311	253,294	150,426	84,615	71,734	306,775
Custodian and dividend-disbursing-agent fees	67,224	33,036	-	100,260	44,067	24,095	-	68,162
Administrative fees	54,785	19,287	37,455	111,527	44,432	18,647	48,639	111,718
Professional fees	16,574	5,370	10,132	32,076	11,569	4,546	10,336	26,451
 Total Expenses	 272,665	 123,594	 100,898	 497,157	 250,494	 131,903	 130,709	 513,106
 Net Investment Income	 296,732	 73,813	 628,684	 999,229	 269,986	 157,859	 938,377	 1,366,222
<b>NET REALIZED AND UNREALIZED GAINS ON INVESTMENTS</b>								
Equity in income of limited partnership	-	-	-	-	-	-	108,338	108,338
Net realized gains (loss) from security transactions (excluding short-term securities)								
Proceeds from sales	29,999,106	14,731,916	20,462,452	65,193,474	37,963,610	18,049,207	49,429,400	105,442,217
Cost of securities sold	33,895,369	16,645,287	21,562,584	72,103,240	31,067,400	18,339,590	49,414,189	98,821,179
 Net Realized Gains (Loss) on Investments	 (3,896,263)	 (1,913,371)	 (1,100,132)	 (6,909,766)	 6,896,210	 (290,383)	 15,211	 6,621,038
 Unrealized Appreciation (Depreciation) of Investments	 (12,518,649)	 (3,635,162)	 544,637	 (15,609,174)	 (3,546,567)	 1,248,509	 64,896	 (2,233,162)
 Net Realized and Unrealized Gains (Loss) on Investments	 (16,414,912)	 (5,548,533)	 (555,495)	 (22,518,940)	 3,349,643	 958,126	 80,107	 4,387,876
 Net (Decrease) Increase in Net Assets Resulting from Operations	 \$ (16,118,180)	 \$ (5,474,720)	 \$ 73,189	 \$ (21,519,711)	 \$ 3,619,629	 \$ 1,115,985	 \$ 1,126,822	 \$ 5,862,436

See notes to financial statements

**Diocesan Investment Trust of the Diocese of New York  
Diversified Equity Fund, Large Cap Equity Fund and Income Fund**

Statements of Changes in Net Assets

December 31,

	2008				2007			
	Diversified Equity Fund	Large Cap Equity Fund	Income Fund	Memorandum Total	Diversified Equity Fund	Large Cap Equity Fund	Income Fund	Memorandum Total
<b>FROM OPERATIONS</b>								
Net investment income	\$ 296,732	\$ 73,813	\$ 628,684	\$ 999,229	\$ 269,986	\$ 157,859	\$ 938,377	\$ 1,366,222
Equity in income of limited partnership	-	-	-	-	-	-	108,338	108,338
Net realized gains (loss) on investments	(3,896,263)	(1,913,371)	(1,100,132)	(6,909,766)	6,896,210	(290,383)	15,211	6,621,038
Unrealized (depreciation) appreciation of investments	(12,518,649)	(3,635,162)	544,637	(15,609,174)	(3,546,567)	1,248,509	64,896	(2,233,162)
Net Increase in Net Assets Resulting from Operations	(16,118,180)	(5,474,720)	73,189	(21,519,711)	3,619,629	1,115,985	1,126,822	5,862,436
Dividend distributions to shareholders	(477,260)	(158,757)	(873,501)	(1,509,518)	(518,877)	(174,129)	(1,002,808)	(1,695,814)
Net Change in Net Assets Derived from Operations	(16,595,440)	(5,633,477)	(800,312)	(23,029,229)	3,100,752	941,856	124,014	4,166,622
<b>FROM TRANSACTIONS IN SHARES OF BENEFICIAL INTEREST</b>								
Proceeds received from subscriptions to shares of beneficial interest	4,266,459	1,158,825	1,294,935	6,720,219	1,783,415	14,809,611	2,389,372	18,982,398
Amounts paid on redemption of shares of beneficial interest	(745,582)	(300,000)	(1,038,437)	(2,084,019)	(17,393,469)	(2,600,000)	(1,066,894)	(21,060,363)
Change in Net Assets Derived From Transactions in Shares of Beneficial Interest	3,520,877	858,825	256,498	4,636,200	(15,610,054)	12,209,611	1,322,478	(2,077,965)
Net Change in Net Assets	(13,074,563)	(4,774,652)	(543,814)	(18,393,029)	(12,509,302)	13,151,467	1,446,492	2,088,657
<b>NET ASSETS</b>								
Beginning of year	37,376,237	13,151,467	21,860,771	72,388,475	49,885,539	-	20,414,279	70,299,818
End of year	\$ 24,301,674	\$ 8,376,815	\$ 21,316,957	\$ 53,995,446	\$ 37,376,237	\$ 13,151,467	\$ 21,860,771	\$ 72,388,475

See notes to financial statements

**Diocesan Investment Trust of the Diocese of New York  
Diversified Equity Fund, Large Cap Equity Fund and Income Fund**

Notes to Financial Statements

**1. Organization**

The Trustees of the Estate and Property of the Diocesan Convention of New York, (the "TEP") is a corporation established in 1877 by distinguished Episcopal laymen, at the direction of the Diocesan Convention, to receive and hold property for churches, institutions, and endowments of the Diocese. The TEP established the Diocesan Investment Trust of the Diocese of New York (the "Trust"). The Trust is comprised of three funds with different investment strategies, the Diversified Equity Fund, Large Cap Equity Fund and Income Fund. The Diversified Equity Fund and Large Cap Equity Fund seek to achieve growth of principal and long term growth of income. The Income Fund seeks to maximize current return while providing for high levels of safety of principal and liquidity. The net asset value of each Fund is determined on the last day of each month, based on closing prices on the last business day of the month. On those days, each Fund accepts subscriptions and processes redemptions based on the net asset value, without sales charges of any kind.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation***

The accompanying statements have been prepared in accordance with the accrual basis of accounting. Accordingly, revenue is recognized when earned and expense when incurred. The statements include assets and liabilities, operations, and changes in net assets of each Fund on an individual basis. The memorandum total column is for informational purposes only. The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

The Trust considers all highly liquid financial instruments with a maturity of three months or less at the time of purchase to be cash equivalents.

***Valuation of Investments***

Securities listed on national exchanges are valued at the closing sale prices or, in the absence of recorded sales, at the closing bid prices on such exchanges. Over-the-counter securities are valued at the closing bid prices. Temporary investments in short-term securities and shares in money-market funds are stated at cost, which approximates market value.

**Diocesan Investment Trust of the Diocese of New York  
Diversified Equity Fund, Large Cap Equity Fund and Income Fund**

Notes to Financial Statements

**2. Summary of Significant Accounting Policies (continued)**

***Security Transactions and Calculation of Gains or Losses on Investments***

Security transactions are accounted for on the trade date. Net realized gains or losses on sales of investments are determined on the basis of average cost.

***Investment Income***

Dividends are recorded on the ex-dividend date and interest is recorded using the accrual basis of accounting.

***Distributions to Shareholders***

Shareholders in each Fund receive quarterly distributions of earnings, based on a formula under trust law that allocates a portion of each Fund's expenses against investment income and a portion against each Fund's investment capital.

***Taxes***

Since the Trust is organized to operate exclusively for religious purposes, it is exempt from federal income tax under the provisions of Section 501 (c)(3) of the Internal Revenue Code and from state and local taxes under equivalent laws.

***Accounting for Uncertainty in Income Taxes***

The Trust's current accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management of the Trust is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax.

***Fair Value of Financial Instruments***

The Trust adopted FASB Statement No. 157 Fair Value Measurements, ("SFAS 157") as of January 1, 2008, which, among other things, defines fair value, establishes a hierarchal framework for measuring fair value and expands disclosure about fair value measurements. SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy is organized into three levels based upon the assumptions (referred to as "inputs") used in pricing the asset or liability.

**Diocesan Investment Trust of the Diocese of New York  
Diversified Equity Fund, Large Cap Equity Fund and Income Fund**

Notes to Financial Statements

**2. Summary of Significant Accounting Policies (continued)**

***Fair Value of Financial Instruments (continued)***

SFAS 157 states that “observable inputs” reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability.

The fair value hierarchy prioritizes the inputs used in valuation techniques and creates the following three broad levels, with Level 1 being the highest priority:

***Level 1 Inputs***

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. SFAS 157 requires entities to measure fair value using quoted market prices whenever available, unless the active market is not readily available to the entity (for example the entity holds a large block), in which case a Level 2 or Level 3 valuation methodology may be appropriate.

***Level 2 Inputs***

Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly with fair value being determined through the use of quoted prices. The types of investments which may be included in this category include less liquid bonds, equities and fund investments.

***Level 3 Inputs***

Level 3 inputs are unobservable inputs for the asset or liability and are used to the extent that observable inputs do not exist. Level 3 inputs require significant management judgment estimation. The types of investments which would generally be included in this category include equity and/or debt securities issued by private entities and investments in less liquid funds such as private equity, venture capital, real estate and hedge funds.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. During 2008 the Income Fund liquidated an investment with level 3 inputs. As of December 31, 2008 all securities and mutual funds held by the Trust were Level 1 Inputs.

**3. Pooled Funds**

The Trust follows the policy of pooling its invested funds. Investment income and capital appreciation are allocated monthly based upon a sharing percentage adjusted for subscriptions to and redemptions from the pooled fund. Each participating fund is allocated a percentage of the total pooled funds according to the net asset value of its interest at the beginning of the month.

**Diocesan Investment Trust of the Diocese of New York  
Diversified Equity Fund, Large Cap Equity Fund and Income Fund**

Notes to Financial Statements

**3. Pooled Funds (continued)**

At December 31, 2008 and 2007, the fair value of the pooling group consisted of the following:

	2008		
	Diversified Equity Fund	Large Cap Equity Fund	Income Fund
Wellington Management	\$ 17,687,112	\$ 8,510,594	\$ -
Vanguard	6,945,670	-	21,509,736
	\$ 24,632,782	\$ 8,510,594	\$ 21,509,736

	2007		
	Diversified Equity Fund	Large Cap Equity Fund	Income Fund
Wellington Management	\$ 25,645,095	\$ 12,959,369	\$ -
Vanguard	11,350,669	-	-
Franklin Templeton Fixed Income	-	-	21,670,924
	\$ 36,995,764	\$ 12,959,369	\$ 21,670,924

**4. Investment Activity**

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value using significant unobservable inputs (Level 3) during the period ended December 31, 2008:

	Income Fund
	Investment in
	Franklin Templeton
	Fixed Income Fund
Beginning balance	\$ 21,670,924
Total Gains or Losses (Realized/Unrealized) included in earnings (or changes in net assets)	(1,208,472)
Redemptions	(20,462,452)
Ending balance	\$ -



**Diocesan Investment Trust of the Diocese of New York**  
**Diversified Equity Fund, Large Cap Equity Fund and Income Fund**

Notes to Financial Statements

**5. Investment Advisory Fees**

For the year ended December 31, 2008, the Diversified Equity Fund and Large Cap Equity Fund paid quarterly fees for investment management and advisory services under a management agreement with Wellington Management Company LLP (the "Wellington Agreement"). The Wellington Agreement provides that fees be computed at annual rates of 0.60% on the first \$25 million, 0.50% on the next \$25 million, and 0.40% on amounts in excess of \$50 million, applied to an average of the market values of the Fund's investments at the end of each month comprising a quarter. The Wellington Agreement was in place for the Diversified Equity Fund and Large Cap Equity Fund in the year ended December 31, 2007.

For the period from January 1, 2008 through October 23, 2008, the Income Fund paid management fees to Franklin Templeton Fixed Income under the limited partnership agreement. This agreement provides that fees be computed at annual rates of 1/2 of 1% on the first million, 3/8 of 1% on the next \$5 million and 1/4 of 1% on amounts in excess of \$10 million of the market value of the Income Fund's investments at the end of the previous quarter. This agreement was in place for the Income Fund in the year ended December 31, 2007.

Administrative expenses and management advisory fees charged by the various mutual funds invested in by the Trust are reported to the Trust net of such costs.

**6. Administrative Fees**

The Trust allocates the administrative costs associated with the Trust's office operations among the Funds using monthly net asset values.

**7. Dividend Distributions to Shareholders**

The Trust declared as of December 10, the following dividend per share:

	<u>2008</u>	<u>2007</u>
Diversified Equity Fund	\$ 1.015	\$ 1.471
Large Cap Equity Fund	0.456	0.621
Income Fund	0.124	0.144

The above dividends were paid on January 15, 2009, to shareholders of record on December 10, 2008 and on January 15, 2008, to shareholders of record on December 10, 2007.

**Diocesan Investment Trust of the Diocese of New York  
Diversified Equity Fund, Large Cap Equity Fund and Income Fund**

Notes to Financial Statements

**8. Capital Share Transactions and Undistributed Net Beneficial Interest**

Transactions in beneficial interest were as follows for the Trust:

	<u>Diversified Equity Fund</u>	<u>Large Cap Equity Fund</u>	<u>Income Fund</u>
Shares of beneficial interest outstanding 2007	215,000.142	75,479.801	1,747,132.571
Shares subscribed	27,946.469	7,295.538	106,252.976
Shares redeemed	<u>(4,960.297)</u>	<u>(2,216.519)</u>	<u>(85,604.760)</u>
Shares of beneficial interest outstanding 2008	<u>237,986.314</u>	<u>80,558.820</u>	<u>1,767,780.787</u>

**9. Related Party Transactions**

The TEP invests in the funds of the Trust directly, and through the Parish Endowment Management Service (PEMS) program. PEMS allows the TEP to retain, invest, reinvest and disburse the endowment funds for each church under investment management contracts. Each PEMS unit issued to a parish represents a percentage beneficial ownership interest in two of the Diocese Investment Trust Funds: the Fixed Income Fund and the Diversified Equity Fund. Other parishes also invest directly in the funds of the Trust.

**Diocesan Investment Trust of the Diocese of New York  
Diversified Equity Fund, Large Cap Equity Fund and Income Fund**

Notes to Financial Statements

**9. Related Party Transactions (continued)**

As of December 31, 2008 and 2007, related parties are invested as follows:

***Diversified Equity Fund:***

	2008		
	Shares Owned	Cost of Shares	Market Value of Shares
TEP	108,542.429	\$ 6,152,349	\$ 11,083,674
PEMS	35,669.050	5,392,919	3,642,300
Other Parishes	93,774.835	12,077,082	9,575,700
Total	237,986.314	\$ 23,622,349	\$ 24,301,674

***Large Cap Equity Fund:***

	Shares Owned	Cost of Shares	Market Value of Shares
Other Parishes	80,558.820	\$ 13,063,629	\$ 8,376,815

***Income Fund:***

	Shares Owned	Cost of Shares	Market Value of Shares
TEP	831,764.344	\$ 10,110,295	\$ 10,029,911
PEMS	254,876.650	3,187,740	3,073,455
Other Parishes	681,139.793	7,425,964	8,213,591
Total	1,767,780.787	\$ 20,723,999	\$ 21,316,957

**Diocesan Investment Trust of the Diocese of New York  
Diversified Equity Fund, Large Cap Equity Fund and Income Fund**

Notes to Financial Statements

**9. Related Party Transactions (continued)**

***Diversified Equity Fund:***

	2007		
	Shares Owned	Cost of Shares	Market Value of Shares
TEP	108,525.350	\$ 5,789,125	\$ 18,866,880
PEMS	21,554.748	3,306,683	3,747,139
Other Parishes	84,920.044	10,926,631	14,762,218
Total	215,000.142	\$ 20,022,439	\$ 37,376,237

***Large Cap Equity Fund:***

	Shares Owned	Cost of Shares	Market Value of Shares
Other Parishes	75,479.800	\$ 12,265,084	\$ 13,151,467

***Income Fund:***

	Shares Owned	Cost of Shares	Market Value of Shares
TEP	805,626.291	\$ 9,776,653	\$ 10,080,295
PEMS	207,904.884	2,626,987	2,601,382
Other Parishes	733,601.396	8,102,482	9,179,094
Total	1,747,132.571	\$ 20,506,122	\$ 21,860,771

**10. Subsequent Events**

As of April 30, 2009, the Income Fund and the Large Cap Equity Fund will be terminated, and the investment guidelines for the Diversified Equity Fund will be revised to reflect the broader investment allocation opportunities of The Common Fund for Nonprofit Organizations and its Affiliated Subsidiaries. This fund will be renamed the Diocesan Investment Trust of the Diocese of New York (“DIT Fund”). The consolidation to one fund will: i) reduce administration complexities, ii) reduce complexity and costs associated with rebalancing and asset allocation adjustments, and iii) allow for greater asset allocation flexibility.

**Diocesan Investment Trust  
of the Diocese of New York  
Diversified Equity Fund, Large Cap  
Equity Fund and Income Fund**

Financial Highlights

December 31, 2008 and 2007

**Diocesan Investment Trust of the Diocese of New York  
Diversified Equity Fund**

Financial Highlights

**Financial Highlights**

The following table includes selected data for a share of beneficial interest outstanding throughout each period and other performance information derived from the audited financial statements for the Diversified Equity Fund for 2004 through 2008. The Diversified Fund was known as the Equity Fund in 2004 through 2006.

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net asset value, Beginning of year	\$ 173.843	\$ 161.204	\$ 144.728	\$ 138.959	\$ 132.359
Income from investment operations:					
Net investment income	1.274	1.278	1.358	1.218	1.630
Net realized and unrealized gain on investments	<u>(70.955)</u>	<u>13.818</u>	<u>17.237</u>	<u>6.475</u>	<u>7.262</u>
Total from Investment Operations	(69.681)	15.096	18.595	7.693	8.892
Less distributions to shareholders	<u>(2.049)</u>	<u>(2.457)</u>	<u>(2.119)</u>	<u>(1.924)</u>	<u>(2.292)</u>
Net Asset Value, End of year	<u>\$ 102.113</u>	<u>\$ 173.843</u>	<u>\$ 161.204</u>	<u>\$ 144.728</u>	<u>\$ 138.959</u>
 Total Return	 <u>(40.27%)</u>	 <u>9.37%</u>	 <u>12.94%</u>	 <u>5.58%</u>	 <u>6.77%</u>
Ratios and Supplemental Data:					
Net assets, End of year (\$ thousands)	<u>\$ 24,302</u>	<u>\$ 37,376</u>	<u>\$ 49,886</u>	<u>\$ 44,191</u>	<u>\$ 43,176</u>
Ratio of expenses to average net assets:					
Investment advisory fees	0.401%	0.392%	0.508%	0.533%	0.538%
Other administrative costs	<u>0.414%</u>	<u>0.261%</u>	<u>0.197%</u>	<u>0.226%</u>	<u>0.204%</u>
Total Expense Ratio	<u>0.815%</u>	<u>0.653%</u>	<u>0.705%</u>	<u>0.759%</u>	<u>0.742%</u>
Ratio of net investment income to average net assets	<u>0.887%</u>	<u>0.704%</u>	<u>0.901%</u>	<u>0.873%</u>	<u>1.217%</u>
Number of shares outstanding at End of year (000's omitted)	<u>238</u>	<u>215</u>	<u>309</u>	<u>305</u>	<u>311</u>

**Diocesan Investment Trust of the Diocese of New York  
Large Cap Equity Fund**

Financial Highlights

**Financial Highlights (continued)**

The following table includes selected data for a share of beneficial interest outstanding throughout each period and other performance information derived from the audited financial statements for the Large Cap Equity Fund for 2007 through 2008:

	<u>2008</u>	<u>2007</u>
Net asset value, Beginning of year	\$ 174.238	\$ 163.766
Income/(loss) from investment operations:		
Net investment income	0.908	1.866
Net realized and unrealized gain on investments	(69.209)	10.665
Total from Investment Operations	(68.301)	12.530
Less distributions to shareholders	<u>(1.953)</u>	<u>(2.058)</u>
Net Asset Value, End of year	<u>\$103.984</u>	<u>\$174.238</u>
Total Return	<u>(39.46%)</u>	<u>9.37%</u>

Ratios and Supplemental Data:

Net assets, End of year (\$ thousands)	<u>\$ 8,377</u>	<u>\$ 13,151</u>
Ratio of expenses to average net assets:		
Investment advisory fees	0.559%	0.578%
Other administrative costs	<u>0.490%</u>	<u>0.323%</u>
Total Expense Ratio	<u>1.049%</u>	<u>0.901%</u>
Ratio of net investment income to average net assets	<u>0.626%</u>	<u>1.079%</u>
Number of shares outstanding at End of year (000's omitted)	<u>81</u>	<u>75</u>

**Diocesan Investment Trust of the Diocese of New York  
Income Fund**

Financial Highlights

**Financial Highlights (continued)**

The following table includes selected data for a share of beneficial interest outstanding throughout each period and other performance information derived from the audited financial statements for the Income Fund for 2008 and prior years:

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net asset value, Beginning of year	\$ 12.512	\$ 12.440	\$12.610	\$12.860	\$13.069
Income/(loss) from investment operations:					
Net investment income	0.356	0.550	0.631	0.524	0.523
Net realized and unrealized gain/(loss) on investments	(0.315)	0.109	(0.166)	(0.193)	(0.153)
Total from Investment Operations	0.042	0.659	0.465	0.331	0.370
Less distributions to shareholders	<u>(0.495)</u>	<u>(0.588)</u>	<u>(0.635)</u>	<u>(0.581)</u>	<u>(0.579)</u>
Net Asset Value, End of year	<u>\$12.058</u>	<u>\$12.512</u>	<u>\$12.440</u>	<u>\$12.610</u>	<u>\$12.860</u>
 Total Return	<u>0.38%</u>	<u>5.43%</u>	<u>3.83%</u>	<u>2.62%</u>	<u>2.89%</u>
 Ratios and Supplemental Data:					
Net assets, End of year (\$ thousands)	<u>\$ 21,317</u>	<u>\$ 21,861</u>	<u>\$ 20,414</u>	<u>\$ 20,352</u>	<u>\$ 18,879</u>
Ratio of expenses to average net assets:					
Investment advisory fees	0.249%	0.339%	0.340%	0.341%	0.349%
Other administrative costs	<u>0.222%</u>	<u>0.279%</u>	<u>0.329%</u>	<u>0.332%</u>	<u>0.306%</u>
Total Expense Ratio	<u>0.471%</u>	<u>0.618%</u>	<u>0.669%</u>	<u>0.673%</u>	<u>0.655%</u>
Ratio of net investment income to average net assets	<u>2.933%</u>	<u>4.434%</u>	<u>4.528%</u>	<u>4.149%</u>	<u>4.033%</u>
Number of shares outstanding at End of year (000's omitted)	<u>1,768</u>	<u>1,747</u>	<u>1,641</u>	<u>1,614</u>	<u>1,468</u>

**Diocesan Investment Trust  
of the Diocese of New York  
Diversified Equity Fund, Large Cap  
Equity Fund and Income Fund**

Schedule of Investments

December 31, 2008

**Diocesan Investment Trust of the Diocese of New York  
Diversified Equity Fund**

Schedule of Investments

December 31, 2008

Shares	Description	Percent of Net Assets	Value
<b>Common Stocks</b>			
<b>Consumer Discretionary</b>			
3,443	Gamestop Corp. New CLA		\$ 74,581
2,633	Gymboree Corp.		68,696
14,013	Kohls Corp.		507,253
2,025	Nike Inc. CL B		103,296
12,861	Staples, Inc.		<u>230,476</u>
	Total Consumer Discretionary	4.05%	<u>984,302</u>
<b>Consumer Staples</b>			
3,983	CVS Caremark Corp. Com.		114,481
6,475	Pepsico Inc.		354,613
12,855	Philip Morris Intl Inc. Com.		559,306
7,251	Procter and Gamble Co.		448,257
7,946	Wal Mart Stores Inc.		<u>445,475</u>
	Total Consumer Staples	7.91%	<u>1,922,132</u>
<b>Energy</b>			
6,343	Apache Corp.		472,739
5,806	Atwood Oceanics Inc.		88,719
2,353	Eog Res Inc.		156,654
2,940	Exxon Mobil Corp.		234,719
3,395	Halliburton Co.		61,714
6,346	Hercules Offshore		30,145
2,025	Hess Corp. Com.		108,643
11,123	Marathon Oil Corp.		304,324
8,102	National Oil Well Varco Com.		198,005
1,080	Noble Energy Inc. Com.		53,169
2,228	Petroleo Brasileiro SA Petrobras Spon Adr		54,563
3,661	Transocean Ltd Reg Shs		172,996
7,987	Ultra Petroleum Corp.		275,628
1,620	Whiting Pete Corp. New Com.		<u>54,217</u>
	Total Energy	9.33%	<u>2,266,233</u>

**Diocesan Investment Trust of the Diocese of New York  
Diversified Equity Fund**

Schedule of Investments

December 31, 2008

Shares	Description	Percent of Net Assets	Value
<b>Common Stock</b>			
<b>Financials</b>			
2,883	Ace Ltd.		\$ 152,560
10,667	Assured Guaranty Ltd.		121,606
3,646	Bank of America Corp.		51,332
7,342	Banco Itau Hldg Financiera SA ADR		85,169
2,633	Berkley WR Corp.		81,624
945	Capital One Finl Corp. Com.		30,142
26,287	Citigroup Inc.		176,383
1,779	Goldman Sachs Group Inc.		150,129
2,431	Hartford Finl. Svcs. Com.		39,909
11,008	JPMorgan Chase and Co.		347,087
2,076	Marsh & McLennan Cos. Com.		50,386
1,769	PNC Finl Svcs Group Inc.		86,674
3,183	Simon Ppty Group New Com.		169,128
3,065	State Street Corp.		120,552
3,376	Travelers Companies Com.		152,582
14,056	Wells Fargo & Co. New Com.		<u>414,382</u>
	Total Financials	9.17%	<u>2,229,646</u>
<b>Healthcare</b>			
8,348	Abbott Laboratories		445,538
5,826	Amgen Inc.		336,478
3,578	Astrazeneca Plc Sponsored ADR		146,815
11,899	Coventry Health Care Inc.		177,062
4,510	Covidien Ltd.		163,440
405	Genentech Inc. New		33,586
5,158	Genzyme Corp. Gen. Div.		342,341
7,659	Medtronic Inc.		240,660
5,614	Schering Plough Corp.		95,603
2,903	St. Jude Medical Inc.		95,686
16,592	United Health Group Inc.		441,335
1,722	Wellpoint Inc.		72,532
3,963	Wyeth Com.		<u>148,655</u>
	Total Healthcare	11.27%	<u>2,739,731</u>

**Diocesan Investment Trust of the Diocese of New York  
Diversified Equity Fund**

Schedule of Investments

December 31, 2008

Shares	Description	Percent of Net Assets	Value
<b>Common Stock</b>			
<b>Industrials</b>			
5,131	Abb Ltd. Sponsored Adr		\$ 77,017
4,726	Caterpillar Inc.		211,109
2,228	Deere & Co. Com.		85,375
1,418	Fedex Corp. Com.		90,952
1,283	Flowserve Corp. Com.		66,062
20,220	General Electric Co.		327,571
2,903	Graco Inc.		68,891
7,484	Honeywell Intl. Inc. Com.		245,697
1,401	Lockheed Martin Corp.		117,789
5,236	Precision Castparts Corp.		311,420
3,646	Thomas and Betts Corp.		<u>87,572</u>
	Total Industrials	6.95%	<u>1,689,455</u>
<b>Information Technology</b>			
3,916	Accenture Ltd. Cl A		128,399
4,051	Akamai Technologies Com.		61,127
5,536	Amdocs Ltd. Ord.		101,256
338	Apple Inc.		28,812
1,073	BMC Software Inc.		28,887
3,376	Broadcom Corp. Cl A		57,286
26,482	Cisco Systems Inc.		431,662
14,455	Corning Inc.		137,754
28,312	EMC Corp.		296,426
577	Google Inc.		177,589
12,443	Hewlett-Packard Co.		451,550
5,604	Intel Corp. Com.		82,150
2,370	International Business Machines Corp.		199,437
25,446	Microsoft Corp.		494,671
5,064	Nokia Corp. Adr 1 Adr Reprs 1 A Sh		78,991
22,533	Oracle Corp.		399,506
5,712	Qualcomm Inc.		204,650
331	Research in Motion Ltd.		13,425
12,807	Western Un Co Com.		<u>183,659</u>
	Total Information Technology	14.64%	<u>3,557,237</u>

**Diocesan Investment Trust of the Diocese of New York  
Diversified Equity Fund**

Schedule of Investments

December 31, 2008

<u>Shares</u>	<u>Description</u>	<u>Percent of Net Assets</u>	<u>Value</u>
<b>Common Stock</b>			
<b>Materials</b>			
1,148	Agrium Inc. Com.		\$ 39,172
4,365	Freeport-McMoran Cooper and Gold Inc. Cl.		106,675
3,025	Mosaic Co. Com.		104,652
844	Nucor Corp. Com.		38,988
1,046	Potash Corp. of Saskatchewan		<u>76,622</u>
	Total Materials	1.51%	<u>366,110</u>
<b>Pooled Vehicle</b>			
3,578	Spdr Tr Unit Ser 1		<u>322,901</u>
	Total Pooled Vehicles	1.33%	<u>322,901</u>
<b>Telecommunications</b>			
21,689	AT&T Inc.		618,134
2,633	NII Hldgs Inc.		<u>47,869</u>
	Total Telecommunications	2.74%	<u>666,002</u>
<b>Utilities</b>			
4,861	American Electric Power Inc.		161,774
3,089	Exelon Corp.		171,766
2,056	FPL Group Inc. Com.		103,468
	Total Utilities	1.80%	<u>437,009</u>
	Total Common Stocks (cost \$21,694,237)	70.70%	<u>17,180,757</u>

**Diocesan Investment Trust of the Diocese of New York  
Diversified Equity Fund**

Schedule of Investments

December 31, 2008

Shares	Description	Percent of Net Assets	Value
 <i><b>Mutual Funds</b></i>			
191,633	Vanguard Mid Cap		\$ 2,261,270
60,576	Vanguard Small Cap		1,235,754
304,045	Vanguard Star FD Total		<u>3,280,647</u>
	Total Mutual Funds (cost \$11,115,013)	27.89%	<u>6,777,670</u>
	Subtotal (cost \$32,809,250)	98.59%	<u>23,958,428</u>
 <i><b>Temporary Investments</b></i>			
	Fiduciary Trust Company International Short Term Investment Pool U.S. Treasury		<u>674,354</u>
	Total Temporary Investments	2.77%	<u>674,354</u>
	Total Investments		<u>24,632,782</u>
	Other Assets and Liabilities, Net	-1.36%	<u>(331,108)</u>
	Net Assets		<u>\$ 24,301,674</u>

**Diocesan Investment Trust of the Diocese of New York  
Large Cap Equity Fund**

Schedule of Investments

December 31, 2008

Shares	Description	Percent of Net Assets	Value
<i>Common Stocks</i>			
<b>Consumer Discretionary</b>			
1,657	Gamestop Corp. New CLA		\$ 35,886
1,267	Gymboree Corp.		33,054
6,742	Kohls Corp.		244,078
975	Nike Inc. CL B		49,704
6,189	Staples, Inc.		<u>110,900</u>
	Total Consumer Discretionary	5.65%	<u>473,622</u>
<b>Consumer Staples</b>			
1,917	CVS Caremark Corp. Com.		55,086
3,115	Pepsico Inc.		170,631
6,185	Philip Morris Intl Inc. Com.		269,124
3,489	Procter and Gamble Co.		215,690
3,824	Wal Mart Stores Inc.		<u>214,351</u>
	Total Consumer Staples	11.04%	<u>924,882</u>
<b>Energy</b>			
3,052	Apache Corp.		227,470
2,794	Atwood Oceanics Inc.		42,689
1,132	Eog Res Inc.		75,378
1,415	Exxon Mobil Corp.		112,941
1,633	Halliburton Co.		29,695
3,054	Hercules Offshore		14,505
975	Hess Corp. Com.		52,277
5,352	Marathon Oil Corp.		146,433
3,898	National Oil Well Varco Com.		95,275
520	Noble Energy Inc. Com.		25,583
1,072	Petroleo Brasileiro SA Petrobras Spon Adr		26,254
1,762	Transocean Ltd Reg Shs		83,241
3,843	Ultra Petroleum Corp.		132,625
780	Whiting Pete Corp. New Com.		<u>26,088</u>
	Total Energy	13.02%	<u>1,090,454</u>

**Diocesan Investment Trust of the Diocese of New York  
Large Cap Equity Fund**

Schedule of Investments

December 31, 2008

Shares	Description	Percent of Net Assets	Value
<b>Common Stock</b>			
<b>Financials</b>			
1,387	Ace Ltd.		\$ 73,408
5,133	Assured Guaranty Ltd.		58,514
1,754	Bank of America Corp.		24,700
3,533	Banco Itau Hldg Financiera SA Adr		40,981
1,267	Berkley WR Corp.		39,276
455	Capital One Finl Corp. Com.		14,504
12,648	Citigroup Inc.		84,871
856	Goldman Sachs Group Inc.		72,238
1,169	Hartford Finl. Svcs. Com.		19,203
5,297	JPMorgan Chase and Co.		167,010
999	Marsh & McLennan Cos. Com.		24,244
851	PNC Finl Svcs Group Inc.		41,706
1,532	Simon Ppty Group New Com.		81,380
1,475	State Streey Corp.		58,006
1,624	Travelers Companies Com.		73,418
6,764	Wells Fargo & Co. New Com.		<u>199,391</u>
	Total Financials	12.81%	<u>1,072,850</u>
<b>Healthcare</b>			
4,017	Abbott Laboratories		214,381
2,804	Amgen Inc.		161,905
1,722	Astrazeneca Plc Sponsored Adr		70,644
5,726	Coventry Health Care Inc.		85,198
2,170	Covidien Ltd.		78,643
195	Genentech Inc. New		16,160
2,482	Genzyme Corp. Gen. Div.		164,726
3,686	Medtronic Inc.		115,800
2,701	Schering Plough Corp.		46,002
1,397	St. Jude Medical Inc.		46,042
7,983	United Health Group Inc.		212,360
828	Wellpoint Inc.		34,900
1,907	Wyeth Com.		<u>71,529</u>
	Total Healthcare	15.74%	<u>1,318,290</u>

**Diocesan Investment Trust of the Diocese of New York  
Large Cap Equity Fund**

Schedule of Investments

December 31, 2008

Shares	Description	Percent of Net Assets	Value
<i>Common Stock</i>			
<b>Industrials</b>			
2,469	Abb Ltd. Sponsored Adr		\$ 37,059
2,274	Caterpillar Inc.		101,581
1,072	Deere & Co. Com.		41,081
682	Fedex Corp. Com.		43,764
617	Flowsolve Corp. Com.		31,787
9,730	General Electric Co.		157,619
1,397	Graco Inc.		33,148
3,601	Honeywell Intl. Inc. Com.		118,223
674	Lockheed Martin Corp.		56,677
2,519	Precision Castparts Corp.		149,847
1,754	Thomas and Betts Corp.		<u>42,137</u>
	Total Industrials	9.70%	<u>812,923</u>
<b>Information Technology</b>			
1,884	Accenture Ltd. Cl A		61,783
1,949	Akamai Technologies Com.		29,413
2,664	Amdocs Ltd. Ord.		48,722
162	Apple Inc.		13,863
517	BMC Software Inc.		13,900
1,624	Broadcom Corp. Cl A		27,564
12,743	Cisco Systems Inc.		207,705
6,955	Corning Inc.		66,284
13,623	EMC Corp.		142,633
278	Google Inc.		85,451
5,987	Hewlett-Packard Co.		217,275
2,696	Intel Corp. Com.		39,528
1,140	International Business Machines Corp.		95,964
12,244	Microsoft Corp.		238,023
2,436	Nokia Corp. Adr 1 Adr Reprs 1 A Sh		38,009
10,842	Oracle Corp.		192,232
2,748	Qualcomm Inc.		98,472
159	Research in Motion Ltd.		6,460
6,163	Western Un Co Com.		<u>88,372</u>
	Total Information Technology	20.43%	<u>1,711,653</u>

**Diocesan Investment Trust of the Diocese of New York  
Large Cap Equity Fund**

Schedule of Investments

December 31, 2008

Shares	Description	Percent of Net Assets	Value
<b>Common Stock</b>			
<b>Materials</b>			
552	Agrium Inc. Com.		\$ 18,849
2,100	Freeport-McMoran Cooper and Gold Inc. Cl.		51,329
1,455	Mosaic Co. Com.		50,356
406	Nucor Corp. Com.		18,761
504	Potash Corp. of Saskatchewan		36,869
	Total Materials	2.10%	<u>176,163</u>
<b>Pooled Vehicle</b>			
1,722	SPDR TR Unit SER 1		155,372
	Total Pooled Vehicles	1.85%	<u>155,372</u>
<b>Telecommunications</b>			
10,436	AT&T Inc.		297,430
1,267	NII Hldgs Inc.		<u>23,033</u>
	Total Telecommunications	3.83%	<u>320,463</u>
<b>Utilities</b>			
2,339	American Electric Power Inc.		77,842
1,486	Exelon Corp.		82,650
989	FPL Group Inc. Com.		<u>49,786</u>
	Total Utilities	2.51%	<u>210,278</u>
	Total Common Stocks (cost \$11,015,061)	98.69%	<u>8,266,949</u>
	Sub-total (cost \$11,015,061)	98.69%	<u>8,266,949</u>
<b>Temporary Investments</b>			
	Fiduciary Trust Company International Short Term Investment Pool U.S. Treasury		<u>243,645</u>
	Total Temporary Investments	2.91%	<u>243,645</u>
	Total Investments		<u>8,510,594</u>
	Other Assets and Liabilities, Net	-1.60%	<u>(133,779)</u>
	Net Assets		<u>\$ 8,376,815</u>

**Diocesan Investment Trust of the Diocese of New York  
Income Fund**

Schedule of Investments

December 31, 2008

Shares	Description	Percent of Net Assets	Value
<i><b>Mutual Funds</b></i>			
2,105,377	Vanguard BD Index FD TOTAL BD MKT PORT		\$ <u>21,432,736</u>
	Total Mutual Funds (cost \$20,779,759)		<u>21,432,736</u>
	Sub-total (cost \$20,779,759)	100.54%	<u>21,432,736</u>
<i><b>Temporary Investments</b></i>			
	Fiduciary Trust Company International Short Term Investment Pool U.S. Treasury		<u>77,000</u>
	Total Temporary Investments	0.36%	<u>77,000</u>
	Total Investments		<u>21,509,736</u>
	Other Assets and Liabilities, Net	-0.90%	<u>(192,779)</u>
	Net Assets		<u><u>\$ 21,316,957</u></u>